

REGULATORY ALERT

**NATIONAL CREDIT UNION ADMINISTRATION
1775 DUKE STREET, ALEXANDRIA, VA 22314**

DATE: June 2010 **NO:** 10-RA-08

TO: Federally Insured Credit Unions

SUBJ: Unlawful Internet Gambling Enforcement Act of 2006

ENCL: UIGEA Final Interagency Guidance Overview with Attachments

Dear Board of Directors,

This Regulatory Alert is being issued to share interagency guidance developed for reviewing compliance with the joint rule promulgated by the Department of Treasury (Treasury) and the Federal Reserve Board pursuant to the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA or Act).¹ Compliance requirements of the joint rule are effective June 1, 2010. This guidance provides an overview of UIGEA and the joint rule, a summary chart of the obligations of participants, and examination procedures.

UIGEA prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of the Internet and that is unlawful under any federal or state law.

The joint rule requires certain participants in five designated payment systems to establish policies and procedures that are reasonably designed to identify and block or otherwise prevent or prohibit restricted transactions.

Credit unions with any of these designated payment systems are required to establish and perform due diligence steps outlined in UIGEA on their commercial accounts:

- Automated clearing house (ACH) systems;
- Card systems;
- Check collection systems;
- Money transmitting businesses; and,
- Wire transfer systems.

¹ *Federal Register*, 73 FR 69382, November 18, 2008

In addition, the rule provides examples of acceptable policies and procedures. The examples are not the only means of complying with the rule, but they provide a safe harbor for participants in the designated payment systems. The rule focuses on due diligence to be conducted by financial institutions and third-party processors in establishing and maintaining commercial accounts.

If you have any questions regarding this guidance, please contact your district examiner, regional office, or state supervisory authority.

Sincerely,

/s/

Debbie Matz
Chairman